



# *WAWF INTEGRATION*

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*PV/DVD CONTRACT RECEIPT ACCEPTANCE*

*SUPPLY PRC MEETING  
October 16, 2008*



# BACKGROUND

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- DFARS 252.232-7003 clause mandates WAWF
  - Final rule, March 2008
- WSLM/MSSM Investment Review Board (IRB)
  - Receipt & Acceptance Condition required for Systems Certification
    - Any system performing receipt and acceptance must use WAWF or provide BTA a WAWF Integration Plan
- DPAP Memorandum
  - Investigate current processes for compliance with FAR 32.905 and Prompt Payment Act record keeping requirements
    - Establish acceptance procedures for DLA originated Prime Vendor/Direct Vendor Delivery contracts where MILSVCs are direct recipients for items delivered
    - Identify any issues and associated corrective actions
    - Develop WAWF transition/deployment plan



# Policy Issue

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- Prompt Pay Act mandates government receipt/acceptance as prerequisite for DoD paying vendors for goods and/or services
- Wide Area Work Flow (WAWF) identified as authoritative source for invoice, acceptance and/or documentation to make payment . . . . DoD wide impact for customer requirements are satisfied via direct vendor shipments requiring destination acceptance.
- Prime Vendor/Direct Vendor Deliveries:
  - Financial risk to Supply Source: Lack of timely destination acceptance results in late payment and interest penalties
  - Issue: WAWF capability not fully integrated within Service applications pending full deployment under ERP/modernization
    - variations in implementation by Services, manual workload



# Interface Functionality

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## Currently:

- MILSVCs systemic interface generates a Material Receipt Acknowledgement (MRA, EDI 527R) transaction for a Direct Vendor receipt

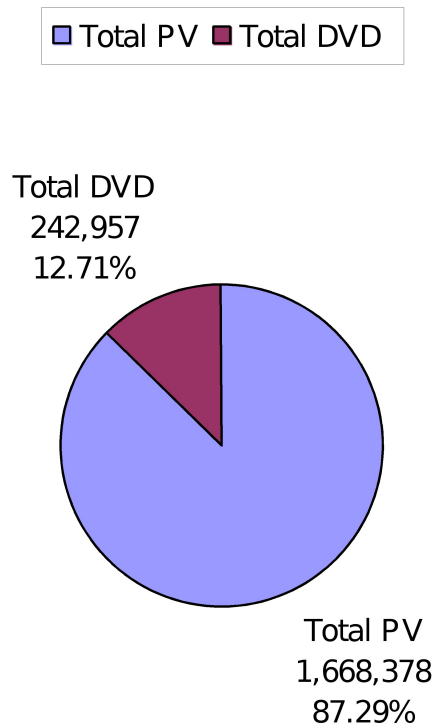
## WAWF Integration Concerns:

- MILSVCs warehousing systems do not have an automated interface with WAWF for receipt acceptance
- DFARS clause 252.232-7003 mandates vendors submit request for payment (invoice and receiving report ) via WAWF
- If a ship-to DODAAC does not have a registered acceptor the vendor cannot submit their request for payment via WAWF
- Some supply chains utilize vendor direct shipments which are initiated/received outside standard ordering and warehousing systems making WAWF integration more difficult



# Prime Vendor vs. DVD

## Total Sum of Shipments: PV vs. DVD

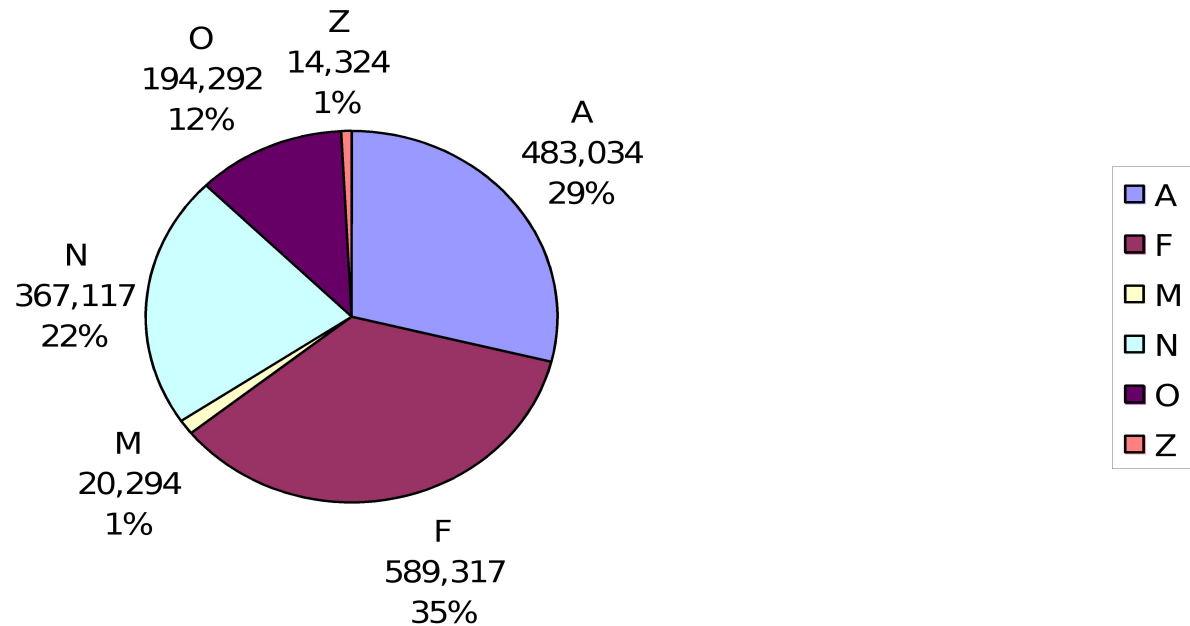


*Note: Data source: EBS Business Warehouse, count of Customer requisitions. FMS and 'Vendor to Vendor' data excluded from total vendor ship data*



# Total Prime Vendor

**Total PV Sum of Shipments by Service**



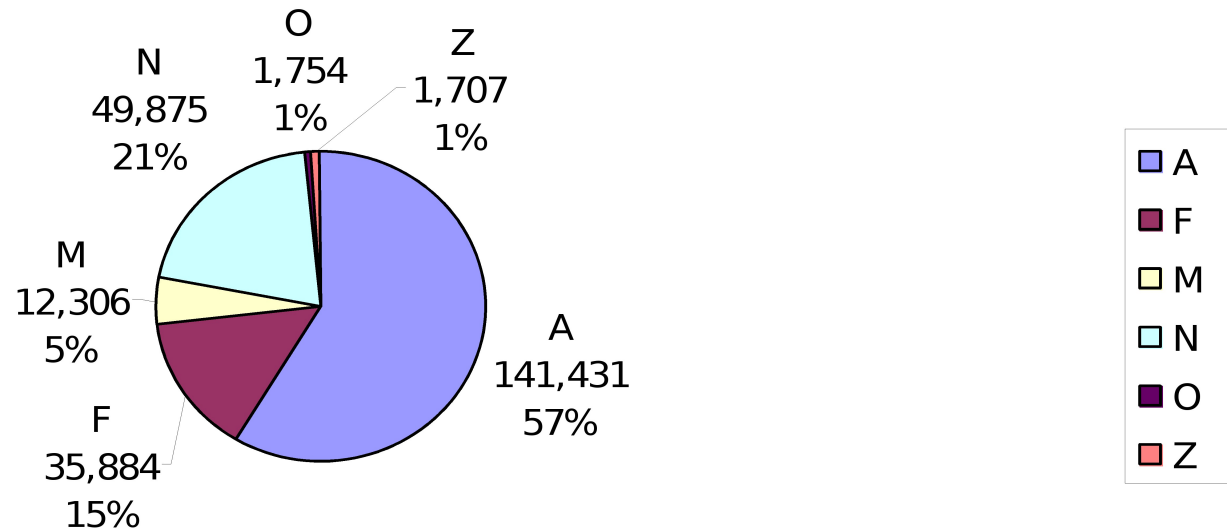
Note: Data source EBS Business Warehouse, count of customer requisitions. FMS and 'vendor to vendor' data excluded from total vendor ship data

'O' = Other Federal Activities    'Z' = Coast Guard



# Total Direct Vendor Delivery

**Total DVD Sum of Shipments by Service**



Note: Data Source: EBS Business Warehouse, count of customer requisitions. FMS and 'vendor to vendor' data excluded from total vendor ship data

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# Receipt Acceptance

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## *Financial Management Regulation:*

*010109. Acceptance and Receipt. Acceptance is acknowledgment that supplies or services conform to applicable quality and quantity requirements, and may take place before, at time of, or after delivery. The organization(s) responsible for acceptance shall be specified in the contract. Acceptance ordinarily is evidenced by execution of an acceptance certification on an inspection or receiving report form or commercial shipping document or packing list.*

*Entitlement to invoice payments shall include, as applicable, additional determinations such as proof of receipt and acceptance, receipt of a proper invoice, and verification of all computations.*

*Source: DOD FMR Vol 10, Chap 1, Mar 2002*





# Receipt Processing Policy

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## *Material Management Regulation*

*“All receipts of material at DoD distribution depots or at other wholesale or retail storage sites, (hereafter referred to collectively as “storage activities”) shall be recorded in DoD total item property records and shall be visible to all requiring activities.*

*All receipt of materiel at final destination shall be acknowledged by immediate issuance of an electronic material receipt acknowledgment.*

*Use of other than electronic data interchange to communicate receipt transactions and related documents is authorized only in exceptional circumstances.”*



# PV/DVD Shipments

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- Question asked at OSD SCI Contract Acceptance Procedures meeting: *“how are the Services/DLA capturing receiving report/acceptance information?”*
- 4 receipt acceptance processes
  - MILSVC Central Receiving
  - MILSVC End Customer
  - Contractor Receipt
  - DLA Central Receiving

*Note: Contract acceptance compliance is achieved when the name, title, phone and address info of the receipt acceptor is provided as described in the FAR 32.905 and Prompt Payment Act*



# Vendor Direct Shipments

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- Requirement: Government personnel must be accountable for acceptance
- Today, payment on PV/DVD contracts is based upon evidence of receipt, not acceptance; therefore requirements of 5 CFR Part 1315 not met
- Internal controls need strengthened to ensure contract requirements are met before payment



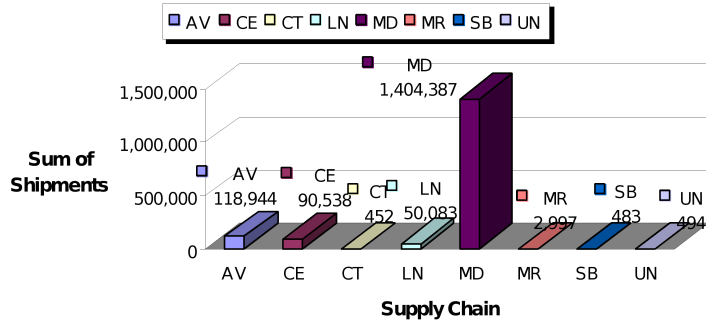
# BACK-UP DATA

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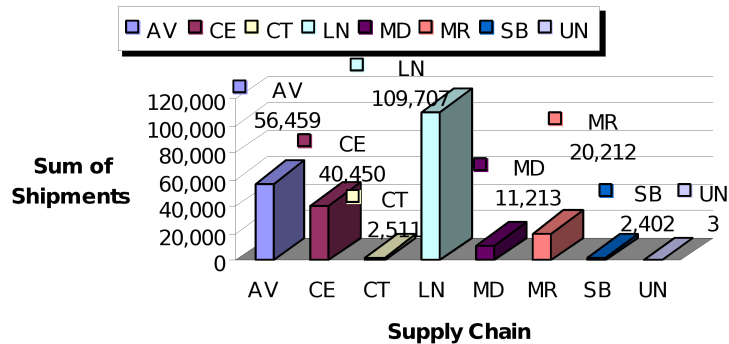
# Total Vendor Direct

**Total PV Sum of Shipments by Supply Chain**



Supply Chain	Total Sum of PV Shipments
Aviation (AV)	118,944
Construction & Equip (CE)	90,538
Clothing & Textiles (CT)	452
Land (LN)	50,083
Medical (MD)	1,404,387
Maritime (MR)	2,997
Subsistence (SB)	483
Unknown (UN)	494

**Total DVD Sum of Shipments by Supply Chain**



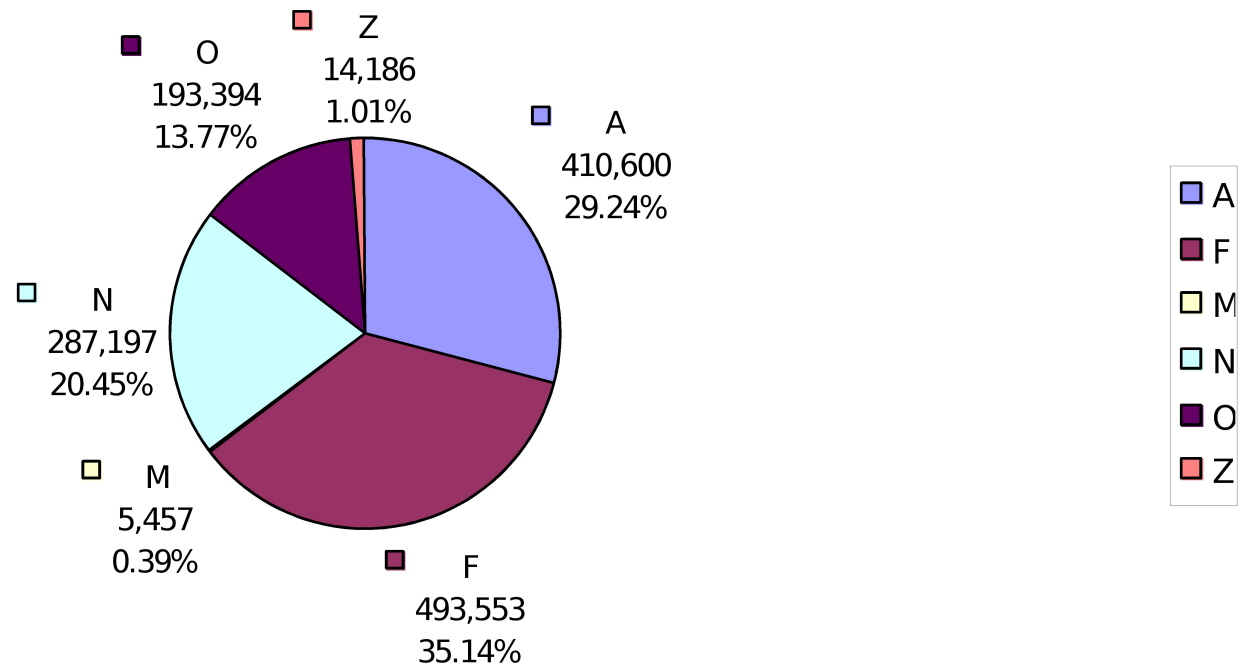
Supply Chain	Total Sum of DVD Shipments
Aviation (AV)	56,459
Construction & Equip (CE)	40,450
Clothing & Textiles (CT)	2,511
Land (LN)	109,707
Medical (MD)	11,213
Maritime (MR)	20,212
Subsistence (SB)	2,402
Unknown (UN)	3

Note: Data source EBS Business Warehouse, count of customers requisitions. FMS & 'vendor to vendor' data excluded from total vendor shipment data. 'O' = Other Fed activities, 'Z' = Coast Guard



# Medical Prime Vendor

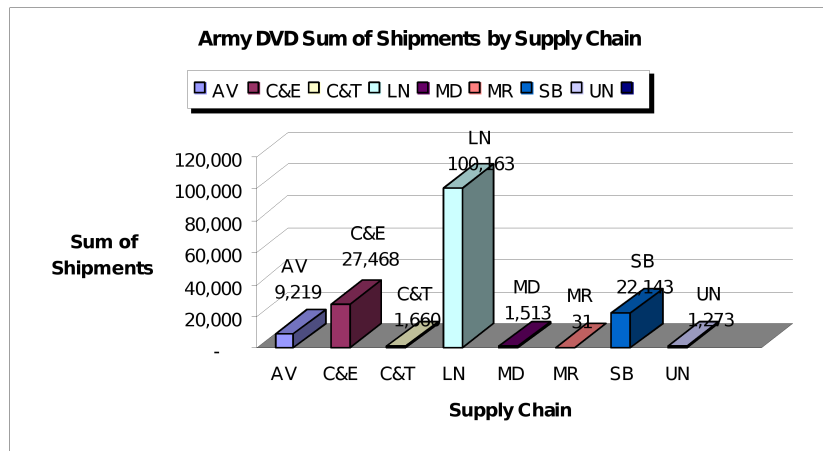
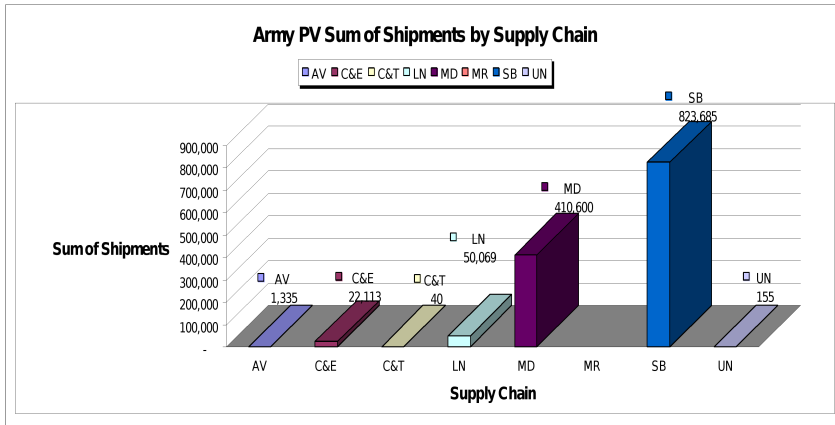
PV (medical supply chain) Sum of Shipments by Service



Note: Data source: EBS Business Warehouse, count of customer requisitions. FMS & 'vendor to vendor' data excluded from total vendor shipment data  
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# ARMY



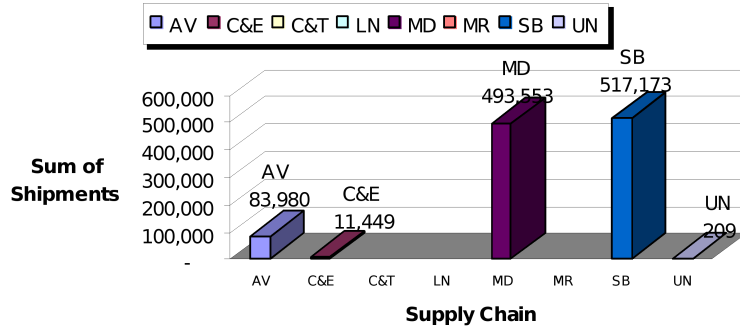
ARMY		
	PV	DVD
AV	1,335	9,219
C&E	22,113	27,468
C&T	40	1,660
LN	50,069	100,163
MD	410,600	1,513
MR		31
AV SB	Aviation 823,685	22,143
CE	Construction & Equipment	
CT UN	Clothing & Textile 155	1,273
LN	Land	
MD	Medical	
MR	Maritime	
SB	Subsistence	
UN	Unknown	

Note: Data source: EBS Business Warehouse, count of customer requisitions. FMS & 'vendor to vendor' data excluded from total vendor shipment data

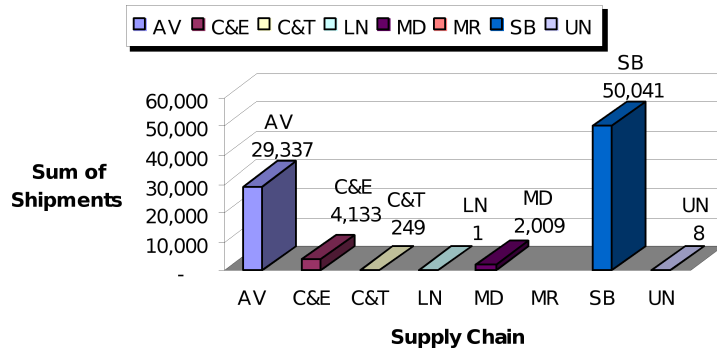


# AIR FORCE

**Air Force PV Sum of Shipments by Supply Chain**



**Air Force DVD Sum of Shipments by Supply Chain**



Air Force		
	PV	DVD
AV	83,980	29,337
C&E	11,449	4,133
C&T		249
LN		1
MD	493,553	2,009
MR		
SB	517,173	50,041
UN	209	8

AV	Aviation
CE	Construction & Equipment
CT	Clothing & Textile
LN	Land
MD	Medical
MR	Maritime
SB	Subsistence
UN	Unknown

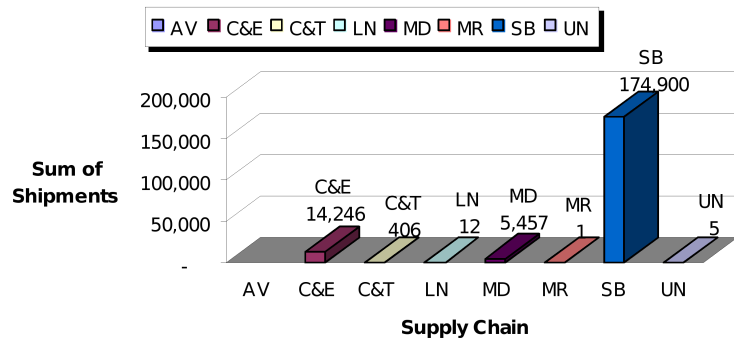
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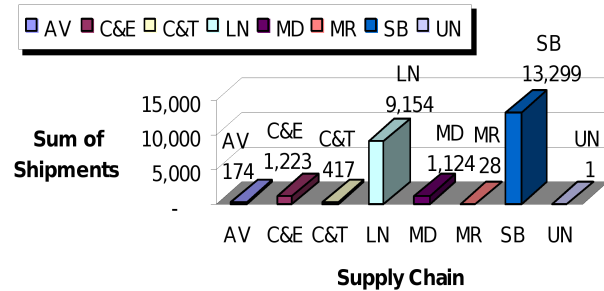


# MARINE CORPS

**Marine Corps PV Sum of Shipments by Supply Chain**



**Marine Corps DVD Sum of Shipments by Supply Chain**

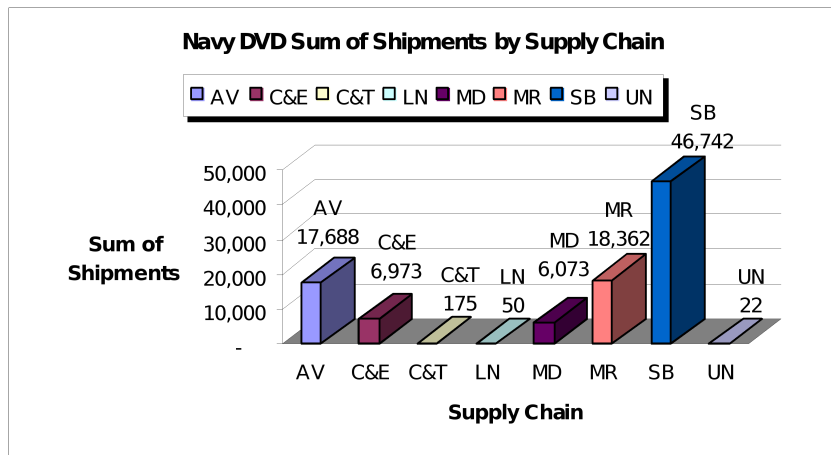
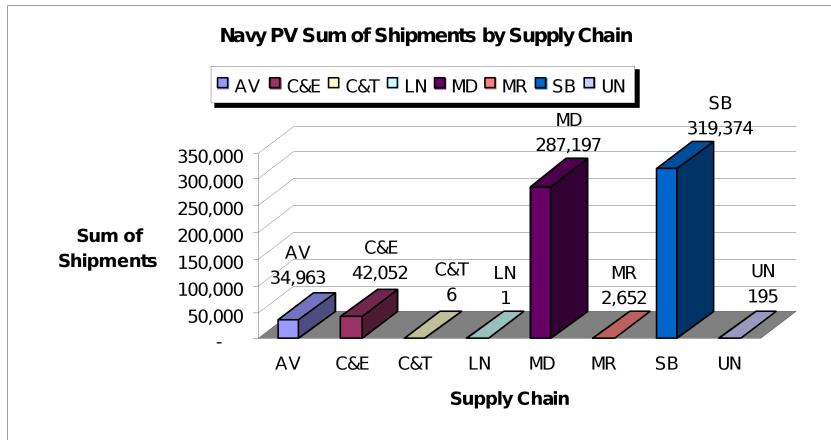


Marine Corps			
		PV	DVD
AV			174
C&E		14,246	1,223
C&T		406	417
LN		12	9,154
MD		5,457	1,124
MR		1	28
SB	AV	174,900	13,299
UN	CE	Construction & Equipment	5
	CT	Clothing & Textile	1
	LN	Land	
	MD	Medical	
	MR	Maritime	
	SB	Subsistence	
	UN	Unknown	

Note: Data source: EBS Business Warehouse, count of customer requisitions.  
FMS and 'vendor to vendor' excluded from total vendor shipment data



# NAVY

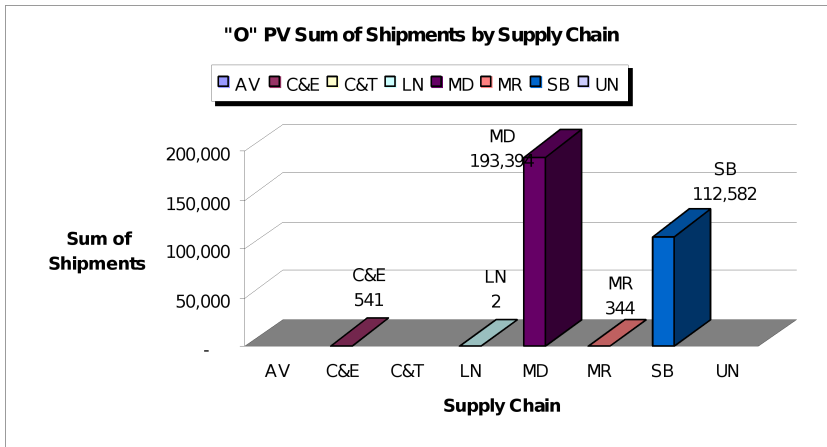


NAVY			
		PV	DVD
	AV	34,963	17,688
	C&E	42,052	6,973
	C&T	6	175
	LN	1	50
	MD	287,197	6,073
MR	AV	2,652	18,362
SB	CE	Construction & Equipment	46,742
	CT	Clothing & Textile	
UN	LN	Land	22
	MD	Medical	
	MR	Maritime	
	SB	Subsistence	
	UN	Unknown	

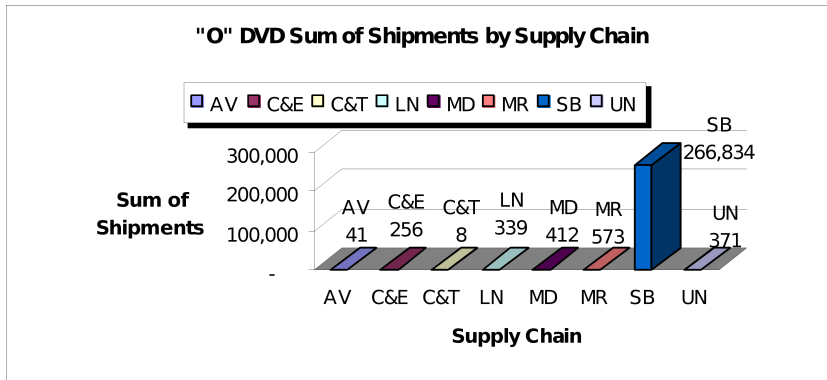
Note: Data source: EBS Business Warehouse, count of customer requisitions. FMS and 'vendor to vendor' data excluded from total vendor shipment data



# 'O' Other Defense Activities



'O' Other Defense Activities		
	PV	DVD
AV		41
C&E	541	256
C&T		8
LN	2	339
MD	193,394	412
MR	344	573
SB	112,582	266,834
UN		371

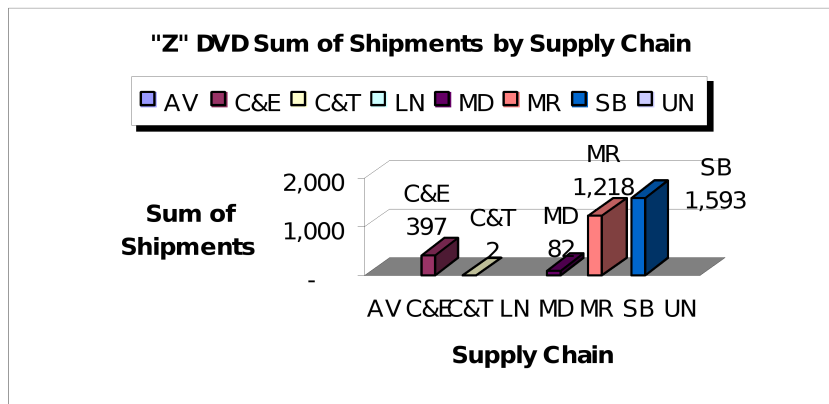
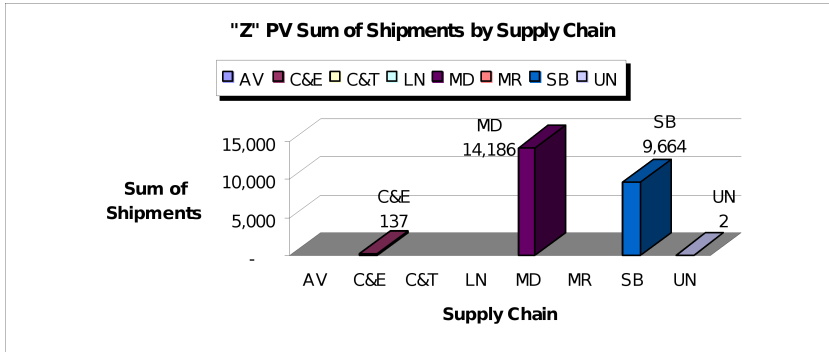


AV	Aviation
CE	Construction & Equipment
CT	Clothing & Textile
LN	Land
MD	Medical
MR	Maritime
SB	Subsistence
UN	Unknown

Note: Data source: EBS Business Warehouse, count of customer requisitions. FMS and 'vendor to vendor' excluded from total vendor shipment data



# 'Z' Coast Guard



		PV	DVD
AV			
C&E		137	397
C&T			2
LN			
MD		14,186	82
MR			1,218
SB		9,664	1,593
UN	AV	Aviation	
	CE	Construction & Equipment	
	CT	Clothing & Textile	
	LN	Land	
	MD	Medical	
	MR	Maritime	
	SB	Subsistence	
	UN	Unknown	

Note: Data source: EBS Business Warehouse, count of customer requisitions. FMS and 'vendor to vendor' data excluded from total vendor shipment data



# Definitions – Acceptance

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## WAWF Strategic Plan

### Acceptance Evidence

- *Documentation of the act of assuming ownership of legal title and accountability of goods tendered and services rendered, excluding Real Property Placed in Service Notification. This serves as proof that the deliverables received or services rendered have been provided fulfilling specified terms and conditions against the previously agreed upon agreement, contract, and/or intra-governmental order between the supplier and the buyer. It also must include information necessary for Asset Valuation (e.g., capitalize vs. expense determinations).*

### Final Acceptance

- *The final acceptance process includes the act of an authorized representative assuming ownership and accountability of existing identified goods tendered or approved specific services rendered. This includes final review and signing of documentation that triggers final payment, asset accountability, inventory record updates, etc.*
- *For intra-governmental orders, acceptance is deemed to occur constructively, unless otherwise denoted in the order, on the 7th calendar day after the government buyer receives delivery of supplies or performance of services in accordance with the terms and conditions of the order, unless there is a disagreement over quantity, quality, or compliance with other terms and conditions of the order. The trading partners may specify a longer period for constructive acceptance in the solicitation and resulting order, if required, but must document in the file the justification for extending the constructive acceptance period beyond 7 days. Constructive acceptance for intra-governmental orders will trigger the payment process.*
- *The definition of constructive acceptance should not be interpreted to conflict with established/existing FAR or FMR definitions or other regulatory guidance. This definition is strictly to apply to intra-governmental reimbursable transactions only, and occurs after initial acceptance by the government*

# WAWF / Customer Direct / EBS

